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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000341

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SUBJECT: CAMPAIGN DIRECTOR YEH CHU-LAN CAUTIOUSLY  
OPTIMISTIC ABOUT FRANK HSIEH'S CHANCES IN THE ELECTION

Classified By: AIT Director Stephen M. Young,  
Reasons: 1.4 (b/d)

¶1. (C) Summary: Presidential Office Secretary General Yeh Chu-lan told the Director on March 12 that the two major issues in the final stage of Frank Hsieh's campaign will be opposition to KMT candidate Ma Ying-jeou's cross-Straits common market proposal and the need for political balance, given the KMT's 3/4 legislative majority. In opposing the cross-Straits common market, Hsieh is appealing to the DPP's base supporters, while stressing the need for checks and balances is intended to attract the independent voters that Hsieh will need to win the March 22 presidential election. Yeh also confirmed that Hsieh is now downplaying the party's UN referendum in his campaign strategy. According to Yeh, who is Hsieh's overall campaign director, Hsieh has cut Ma's lead to about 10 points in internal DPP polling. The party hopes to boost enthusiasm and voter turnout with large-scale island-wide rallies on March 16 in a last push to close the gap. End Summary.

¶2. (C) The Director discussed DPP candidate Frank Hsieh's election campaign with Presidential Office Secretary General Yeh Chu-lan on March 12. Yeh, who is also Hsieh's overall campaign director, said that the DPP must hold on to its base in southern Taiwan to win the election, but will also need to fight for votes in the north, especially Taipei County. Yeh attributed the DPP's major defeat in the January 12 Legislative Yuan (LY) elections to the low turnout by DPP supporters, who were disappointed with President Chen's performance. By contrast, the KMT succeeded in mobilizing all of its supporters to vote in the LY elections. The KMT has developed a dense local network after being in power for 50 years, and it relies on organization and vote buying to win local-level elections. Many of the winning KMT legislative candidates were quite wealthy, Yeh added.

¶3. (C) In contrast to the KMT, Yeh acknowledged, the DPP's party organization is still weak at the local level, and many DPP officials have not done a very good job in claiming credit for government-funded local projects. In the countryside, the people still identify the government with the KMT, an image built up during the 50 years of KMT rule. In addition, people are more interested in purely local projects, and the public does not fully appreciate the Chen

administration's achievements, for example, building highways and setting up the Taichung high tech industrial park.

14. (C) For the presidential election, the KMT has been spending vast sums on a sustained TV ad campaign against the DPP, Yeh said. The DPP, which does not have the resources to compete head-to-head with the KMT, is reserving its ads for the final and most important stage of the campaign. Although Ma's green card is not the campaign's most important issue, many people do have concerns about Ma's actions and behavior, Yeh said. In the past, she noted, late President Chiang Ching-kuo as well as Ma himself both stressed the importance of political figures not having competing loyalties. Ma used to be packaged as 100 percent perfect, but this has proven false, and he has now been taken off his pedestal. Yeh also noted that the Hsieh campaign is downplaying the UN referendum as a campaign issue.

15. (C) The major campaign issue to mobilize the DPP base is the "one China market" or cross-Straits common market, Yeh noted. The unique feature of the presidential campaign is that it involves the future of Taiwan, whether it maintains its current independence or moves toward ultimate unification. The KMT charter specifies the ultimate goal of unification, which was also a goal strongly upheld by Ma's father, and Ma himself has a decided tilt toward China. If Ma is elected president, there will be a superficial improvement in cross-Straits relations, but in fact this will mean the very rapid Hong Kong-ization of Taiwan, Yeh argued. Ma is misguided in citing the EU as a model for Taiwan's economic relations with China, Yeh maintained, pointing out that the EU does not have a large power that claims sovereignty and targets missiles against another member.

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16. (C) While Taiwan's economic indicators are all right, Yeh said, there is a problem with imbalance in wealth and opportunities. The move of many factories to China has affected employment here, and it is hard for many young people to find jobs. However, President Chen did not cause these problems, which are the result of the rise of China and global economic trends. Although the KMT is smart politically to attack the DPP on economic issues, Yeh doubted that the KMT, which puts all its hope in China, could do any better than the DPP.

17. (C) The DPP's central appeal to independent swing voters is the concern about over-concentration of political power in one party, Yeh noted. After the KMT won control of 3/4 of the seats in the LY, intellectuals and other independents have become concerned that a KMT presidency would result in a lack of checks and balances, harmful to Taiwan's democratic development. The DPP assumption is that its base will deliver 45 percent of the votes in the presidential election, while the KMT base will generate a similar percentage for Ma. Therefore, the competition is for the remaining 10 percent of the electorate in the middle. Yeh said that Hsieh has been focusing on these middle voters over the past three months. The lopsided results of the LY elections has given Hsieh an opportunity, because voters in the middle are worried about the lack of checks and balances that would result from a KMT presidency.

18. (C) According to Yeh, as of last Sunday, Ma's lead over Hsieh in the DPP's internal polling was about 10 points. The key for a DPP victory will be whether the party can boost the turnout rate to a high level, hopefully 80 percent, bringing all of its supporters to the polling stations. Although the election atmosphere is still cold, the DPP hopes that its large-scale rallies on March 16 will boost the enthusiasm of its supporters and have a contagious effect on the electorate.

Comment

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19. (C) Yeh appears cautiously optimistic that the DPP can still win, if the party can generate the same high levels of excitement and enthusiasm it achieved in past victories, including the 2000 and 2004 presidential elections. The DPP's island-wide rallies on Sunday, March 16, are intended to whip up the enthusiasm of the base. However, the KMT will try to dampen DPP excitement by mounting its own series of counter-rallies at the same time on March 16. We expect both parties to fight this campaign hard to the finish.  
YOUNG